

Message Text

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PAGE 01 COPENH 00287 141710Z
ACTION EUR-12

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CSAF WASHDC
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USMISSION NATO PRIORITY
HQ AFSC ANDREWS AFB MARYLAND
F-16 SPO, WRIGHT PATTERSON AFB OHIO

UNCLAS COPENHAGEN 0287

EMO. 11652: N/A
TAGS: MASS BE NO NL US DA
SUBJECT: DEFENSE MINISTER DISCUSSES F-16 COST INCREASES IN THE
FOLKETING

REF: COPENHAGEN 0141 (DTG 071650Z JAN 77)

DURING THE DEFENSE DEBATE HELD IN THE DANISH FOLKETING
YESTERDAY (JANUARY 13), DEFENSE MINISTER ORLA MOLLER MADE
THE FOLLOWING STATEMENT WITH RESPECT TO THE ACQUISITION OF
THE F-16:

"IN THIS CONNECTION, I WOULD LIKE TO TAKE PART IN THE
DISCUSSION WHICH HAS BEEN CARRIED ON IN THE PRESS LATELY
ABOUT THE COST OF ACQUIRING THE AMERICAN F-16 AIRCRAFT FOR
THE AIR FORCE.

"I CAN INFORM YOU THAT I COUNT ON AN INCREASE IN THE
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TOTAL ACQUISITION COST OF ABOUT TEN PERCENT. THIS
MEANS THAT THE 2.4 BILLION KRONER WHICH A MAJORITY
OF THE FOLKETING APPROVED IN JUNE 1975 FOR THE PRUCHASE
OF THE F-16 AIRPLANE WILL BE INCREASED TO 2.6 BILLION
KRONER. THESE PRICES ARE CALCULATED IN ACCORDANCE WITH
THE PRICE LEVEL WHICH EXISTED IN JANUARY 1975.

"THE PRINCIPAL REASON FOR THE INCREASE IS THAT EUROPEAN INDUSTRY'S CO-PRODUCTION IS MORE EXPENSEIVE THAN EXPECTED. THIS IS MAINLY A RESULT OF EUROPEAN INDUSTRY'S DIFFICULTIES IN MEETING THE TECHNOLOGICAL STANDARDS, INCLUDING QUALITY CONTROL, FOR THIS SPECIAL KIND OF PRODUCTION.

"THE MOST PROBABLE PRICE GIVEN BY THE US AT THAT TIME OF 1.9 BILLION KRONER FOR THE 58 AIRPLANES THEMSELVES (REPEAT THEMSELVES) IS, THEREFORE, EXPECTED TO CLIMB TO APPROXIMATELY 2 BILLION KRONER WHICH CORRESPONDS TO THE CALCULATED MAXIMUM PRICE.

"IN ADDITION, INDUSTRY REQUIRES CONSIDERABLY MORE SPECIALIZED MACHINERY AND TESTING EQUIPMENT TO PRODUCE THE AIRPLANE WHICH, BECAUSE OF ITS SPECIAL NATURE, IS TO BE PAID FOR BY THE PRUCHASING COUNTRIES.

"BEYOND THAT IT INCLUDES INCREASED EXPENSES FOR CUSTOMS, ADMINISTRATION, SPARE PARTS, AS WELL AS NECESSARY GROUND EQUIPMENT.

"THESE PRICE INCREASES - LIKE THE OTHER EXPENSE FOR ACQUISITION OF THE AIRPLANE - WILL BE HELD WITHIN THE FRAMEWORK OF THE DEFENSE BUDGET'S APPROPRIATION FOR THE ACQUISITION OF MATERIEL."
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Message Attributes

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